

## A MESSAGE FROM THE ATTORNEY GENERAL

The *Performance and Accountability Report* for the Department of Justice is prepared pursuant to the Reports Consolidation Act of 2000 and guidance from the Office of Management and Budget's (OMB) Bulletin No. 01-09 and Circular A-11. This *Report* contains the Department's performance report, as required by the Government Performance and Results Act; our audited consolidated financial statements, as required by the Chief Financial Officers Act and the Government Management Reform Act; and a report on material weaknesses in our operations, as required by the Federal Managers' Financial Integrity Act.

Since the terrorist attacks of September 11, 2001, we have worked vigorously and cooperatively to improve information sharing among all levels of law enforcement while continuing to appropriately protect classified information. We have enhanced our capability to prevent terrorist incidents while restructuring our internal organizations and operations to better accomplish our mission.

Our strategy is succeeding. The Justice Department, working together with our state and local law enforcement partners, has dismantled terrorist cells all across America, from New York to Oregon, from Florida to Ohio, from Virginia to California. Violent crime is at its lowest rate in three decades. Gun crime prosecutions are at a record high and violent crimes committed with guns are at a record low. Drug use among the nation's youth is declining. Corporate criminals are facing justice, and integrity has been restored to the nation's marketplace.

As we have worked to preserve American lives and liberties we have also pursued critical management goals to improve the Department's efficiency and effectiveness. The Department has worked diligently to earn unqualified opinions on its consolidated financial statements in past years, an achievement first earned under this Administration. Unfortunately, that successful record will be marred in FY 2004. While eight of the ten Department's components that produce financial statements received unqualified opinions, difficulties in reporting certain grant-related financial activity and associated weaknesses in grant-related systems resulted in a disclaimed opinion for one component, and in turn, for the Department's consolidated statements. A second component's opinion was qualified due to a reporting issue with accounts payable. As you know, I believe it is our commitment to the taxpayers to give a full and accurate accounting for our financial activity, and we will meet that obligation. Thus, we have begun the work necessary to correct and fairly present our grant and payables activity for FY 2004 and obtain an auditor's opinion on those corrected financial reports.

The financial and performance data presented in this report are, with the exceptions noted above, complete and reliable. Accordingly, with the exception of the accounting weaknesses noted above and for weaknesses reported in the management of information technology systems, I can provide qualified reasonable assurance that our management control and financial systems met the objectives of Sections 2 and 4 of the Integrity Act. The accounting and system weaknesses evidenced in the audit reports this year underscore the challenges we face as we operate seven different accounting systems supporting ten reporting entities with a myriad of financial practices and policies. To eliminate this systemic weakness we have embarked on a multi-year project to install a Unified Financial Management System that will provide, for the first time in the history of the Department of Justice, a single source for timely and reliable financial performance data. This data is critical to our key decision makers and to demonstrating the reliability of our financial practices to the public.

Our record of mission success is clear, and it is a testament to the men and women of law enforcement who work tirelessly to help secure America. While we celebrate those successes we remain committed to achieving similar success in fiscal management so as to demonstrate to the taxpayers the integrity and accountability of the Department of Justice.



John Ashcroft